**Unit 8 ~ Chapter 25 - 28**

**Study Guide**

**True and False Questions**

1. \_\_\_\_\_ The FDIC determines the interest rates banks charge for loans.
2. \_\_\_\_\_ A pawnshop charges lower fees than most other financial institutions.
3. \_\_\_\_\_ Safe-deposit boxes allow savers to earn interest on their money.
4. \_\_\_\_\_ A sharedraft is a check issued by a member of a credit union.
5. \_\_\_\_\_ An endorsement refers to the time between the receipt of a deposit and the availability of the funds.
6. \_\_\_\_\_ A blank endorsement makes a check payable to anyone who has the check.
7. \_\_\_\_\_ The Federal Trade Commission is one of the federal agencies that protect your right to be heard.
8. \_\_\_\_\_ In being a reasonable consumer, you should be sure you have cause for a complaint before you make it known.
9. \_\_\_\_\_A joint account requires that both account owners sign checks.
10. \_\_\_\_\_ A service charge is a fee a bank charges for handling a checking account.
11. \_\_\_\_\_ Overdrawing a checking account is commonly recommended by financial advisers.
12. \_\_\_\_\_ A certified check is a personal check for which the bank of guaranteed payment.
13. \_\_\_\_\_ A clearinghouse is a place hwere checks are paid for several banks in a geographic area.
14. \_\_\_\_\_ A bank reconciliation is prepared by a bank to determine which checks have cleared through the Federal Reserve System.
15. \_\_\_\_\_ Interest is subtracted from your checkbook balance when preparing the bank reconciliation.

**Multiple Choice Questions**

1. An example of a deposit-type financial institution is
   1. An investment company
   2. A credit union
   3. A consumer finance company
   4. A life insurance company
2. A credit union differs from other financial institutions in that it is
   1. Chartered by the federal government.
   2. Owned by foreign investors.
   3. Taxed at a different rate.
   4. Organized as a not-for-profit organization
3. Money that financial institutions lend to others
   1. Create more jobs.
   2. Reduces spending by consumers.
   3. Causes interest rates to decline.
   4. Lowers taxes.
4. A common advantage of a checking account is that
   1. Every checking account earns interest.
   2. Lost checks are insured by the federal government.
   3. Banks automatically tell you when payments are due.
   4. Canceled checks can serve as proof of payment.
5. The purpose of an endorsement is to
   1. Open a checking account with direct deposit
   2. Provide written evidence that payment has been received.
   3. Convert U.S. currency to the currency of another country.
   4. Instruct the bank to automatically put an amount each month in your savings account.
6. Which of the following items is NOT used when recording a deposit?
   1. A check stub
   2. A check register
   3. A service charge
   4. A deposit slip
7. The person to whom a check is written is the
   1. drawer
   2. payee
   3. drawee
   4. forger
8. A person without a checking account who needs to send money to a company in another state would probably use a
   1. Certified check
   2. Money order
   3. Personal check
   4. Traveler’s check
9. When doing bank reconciliation, which of the following is added to the checkbook balance?
   1. Outstanding checks
   2. Canceled checks
   3. Interest earned
   4. Service fees
10. The federal government agency involved in check clearing activities is the
    1. Federal Reserve System
    2. Federal Deposit Insurance Corporation
    3. National Credit Union Administration
    4. Comptroller of the Currency

**In the blanks provided, write the word of phrase that best completes each sentence.**

1. Traditionally, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ specialized in savings accounts and making loans for home mortgages, but in recent years these institutions have changed to savings banks.
2. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a financial institution owned by the depositors, to whom the profits go.
3. A system through which funds are moved electronically from one account to another and from one bank to another is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are savings that are put to work to earn more money.
5. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ was created by the federal government to supervise and regulate member banks so they serve the public efficiently.
6. An interest rate tied to the current cost of money in the marketplace is called the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
7. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ account allows each owner to sign checks.
8. The form on which you list all currency, coins, or checks to be added to a checking account is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
9. Use a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ endorsement when transferring a check from one person to another person.
10. A check \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a form attached to each check and is used for recording deposits and checks written.
11. Writing another person’s signature on a check without authority to do so is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
12. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is writing a check for more than you have in your account.
13. A written notice from the drawer telling the bank not to pay a certain check is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .
14. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ check is a personal check for which a bank has guaranteed payment.
15. A check that a bank draws on its own in-house funds is called a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ check.
16. A place where checks are presented for payment from different banks is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
17. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a monthly record of transactions from your financial institution.
18. Paid checks may be referred to as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ checks.
19. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is prepared to show agreement between the checkbook balance and the bank-statement balance.
20. An \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ check is one that has not yet been presented to the bank for payment.